



An Industry Overview

Metals distributors are experiencing dramatic change. Mergers and acquisitions, increasing imports, e-commerce mechanisms, shrinking profit margins and increasing regulatory requirements are dramatically altering the landscape of the industry. The standards of profitability, product quality and customer service still exist, however, client expectations continue to increase. To remain competitive, today's organization must adapt to changes in client expectations of service and product quality while maintaining or improving the seemingly conflicting goal of profitability.

The three "tensions", legislation, regulation and litigation, have created documentation overload for companies and this trend will continue. Standards bodies (like ISO, ANSI and ASME), governments at all levels and industry associations are implementing laws and regulations that require firms to track documents and processes as they apply to products and procedures within their companies. This has created a situation whereby companies often require documentation from suppliers that they did not need before.

Consequences for not taking document and records management are quite serious. In addition to government sanctions or fines, the growing occurrence of litigation is a massive concern. Poor, inappropriate, misplaced or incorrect documentation has resulted in lawsuits for millions and hundreds of millions of dollars.

Client Service, Product Quality & Profitability

The mill test report (MTR), which details the chemical and physical properties of the metals material is the documented evidence that the material used to create a product conforms to the standardized chemical and physical specifications. Therefore, the distributor of products such as pipe, valves or fittings can verify the quality of materials sold. Clients receiving materials from a distributor are now, more than ever, requiring that quality assurance documentation accompanies every order. This added client demand requires the provisional company to allocate human resources to this function, a detriment to profitability.

The Quality Assurance Department

The quality assurance departments of organizations involved in distribution are also facing significant changes with respect to new requirements and expected functions of their departments. Regulatory pressures and client demand have resulted in a substantial increase in functions related to quality assurance document tracking. Where these departments have historically had the luxury to simply file and forget quality assurance documentation, they now are experiencing an increasing need to supply the documentation with every order.

Additionally, they have often found that they must also retrieve documentation from past orders and projects with very little information to construct a meaningful and efficient search. In



an effort to electronically manage this documentation, some firms have attempted to utilize the widely available traditional document imaging systems. However the nature of their quality assurance documentation, specifically the MTR, requires a unique feature set that is not found in traditional document management products. Unique to the metals industry, is an added level of complexity, which requires complete traceability of this documentation.